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ELLSWORTH C. ALVORD (1964)

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RECORDATION NO. 14993-I FILED
AUG 20 04 2-05 PM
SURFACE TRANSPORTATION BOARD
OF COUNSEL
URBAN A. LESTER

August 17, 2004

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Re: PRR - L581

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are four (4) copies of a Memorandum of Sublease and Assignment, dated August 12, 2004, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the documents previously filed with the Board/Commission under Recordation Number 14993.

The names and addresses of the parties to the enclosed document are:

| | |
|------------------------------|--|
| Sublessor/ Assignor: | Consolidated Rail Corporation 1000 Howard Boulevard Fourth Floor Mt. Laurel, NJ 08054 |
| Sublessee: | PRR Newco, Inc. 110 Franklin Road, S.E. Roanoke, VA 24042 |
| Guarantor: | Norfolk Southern Railway Company 110 Franklin Road, S.E. Roanoke, VA 24042 |
| [Senior Lessor/ Assignee: | U.S. Bank National Association] |

Mr. Vernon A. Williams
August 17, 2004
Page Two

A description of the railroad equipment covered by the enclosed document is:

13 locomotives PRR 8200 – PRR 8212.

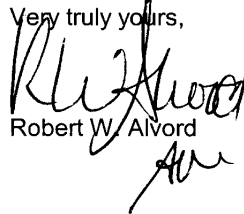
A short summary of the document to appear in the index follows:

Memorandum of Sublease and Assignment

Also enclosed is a check in the amount of \$30.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'Robert W. Alvord', is written over the typed name. Below the signature is a small, stylized mark that looks like a checkmark or a flourish.

Robert W. Alvord

RWA/anm
Enclosures

AUG 20 '04 2-05 PM

SURFACE TRANSPORTATION BOARD

MEMORANDUM OF SUBLEASE AND ASSIGNMENT PRR-L581, by

CONSOLIDATED RAIL CORPORATION ("**Conrail**")
1000 Howard Boulevard, Fourth Floor
Mt. Laurel, New Jersey 08054

PRR NEWCO, INC. (the "**Company**")
110 Franklin Road, S.E.
Roanoke, Virginia 24042

and

NORFOLK SOUTHERN RAILWAY COMPANY (the "**Railroad**")
110 Franklin Road, S.E.
Roanoke, Virginia 24042

Conrail is leasing certain units of railroad equipment pursuant to the agreement identified in Schedule A hereto as the "**Senior Lease**" with the party named in Schedule A hereto as the "**Senior Lessor**," which agreement was recorded with the Interstate Commerce Commission and assigned the recordation number shown on said Schedule A.

The parties hereto hereby wish to evidence for the public record the following transactions with respect to such units of the railroad equipment covered by the above-named agreements as are listed in Schedule B hereto:

1. The Sublease of Railroad Equipment PRR-L581 between Conrail, sublessor, and the Company, sublessee.
2. The assumption of the obligations of the Company as sublessee under the above-named sublease by the Railroad, pursuant to the Assumption Agreement PRR-L581 by the Railroad in favor of Conrail.
3. The assignment by Conrail, assignor, of the sublease named in item 1 to the Senior Lessor, assignee, as security for Conrail's obligations under the Senior Lease, pursuant to the Assignment of Sublease PRR-L581 by Conrail in favor of the Senior Lessor.
4. The assignment by the Railroad, assignor, of its subleasehold interest under sublease named in item 1 to CSX Transportation, Inc., assignee, pursuant to the Cross-Assignment of Lease and Agreement among such parties and Conrail, as security for the Railroad's obligations for reimbursement thereunder.

IN WITNESS WHEREOF, the parties hereto have each caused
this memorandum to be duly executed by their respective officers
thereunto duly authorized:

CONSOLIDATED RAIL CORPORATION

by *Amogh R. Rao*

PRR NEWCO, INC

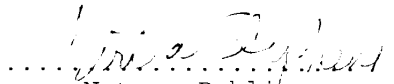
by *William J. Ring*

NORFOLK SOUTHERN RAILWAY COMPANY

by *William J. Ring*

STATE OF NEW YORK)
) SS.:
COUNTY OF NEW YORK)

On this 14th day of August, 2004, before me personally appeared Joseph Rogers, to me personally known, who, by me being duly sworn, says that he is CFO & Treasurer of CONSOLIDATED RAIL CORPORATION, and that the foregoing instrument was signed on behalf of said corporation by authority of its board of directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Notary Public

My commission expires

STATE OF NEW YORK)

COUNTY OF NEW YORK)

CIRILA STEPHENS
NOTARY PUBLIC, State of New York
No. 01ST6088536
Qualified in Kings County
Commission Expires March 3, 2007

On this _____ day of August, 2004, before me personally appeared William J. Romig, to me personally known, who, by me being duly sworn, says that he is Vice President and Treasurer of PRR NEWCO, INC., and that the foregoing instrument was signed on behalf of said corporation by authority of its board of directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Notary Public

My commission expires

STATE OF NEW YORK)

COUNTY OF NEW YORK)

SS.:

RICHARD CROSBY THOMPSON
NOTARY PUBLIC, State of New York
No. 01TH6062508
Qualified in New York County
Commission Expires Aug. 6, 2005

On this _____ day of August, 2004, before me personally appeared William J. Romig, to me personally known, who, by me being duly sworn, says that he is Vice President and Treasurer of NORFOLK SOUTHERN RAILWAY COMPANY, and that the foregoing instrument was signed on behalf of said corporation by authority of its board of directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Notary Public

My commission expires

RICHARD CROSBY THOMPSON
NOTARY PUBLIC, State of New York
No. 01TH6062508
Qualified in New York County
Commission Expires Aug. 6, 2005

SCHEDULE A
SENIOR TRANSACTION L581

Senior Lease:

Lease Agreement dated as of June 15, 1986, as amended, between The Connecticut Bank and Trust Company, National Association (succeeded by U.S. Bank National Association), not in its individual capacity but solely as owner trustee, and Consolidated Rail Corporation.

Recorded with the Interstate Commerce Commission on June 15, 1986, and assigned recordation number 14993.

Senior Lessor:

U.S. Bank National Association (successor to The Connecticut Bank and Trust Company, National Association), not in its individual capacity but solely as owner trustee.

***Schedule "B" Equipment
Lease L581 (PRR)***

Description: C39-8 Locomotive Units

| Count | Original Unit Number | Re-stenciled Unit Number |
|-----------------------|---------------------------------|-------------------------------------|
| 1 | 6000 | PRR 8200 |
| 2 | 6003 | PRR 8201 |
| 3 | 6004 | PRR 8202 |
| 4 | 6006 | PRR 8203 |
| 5 | 6007 | PRR 8204 |
| 6 | 6010 | PRR 8205 |
| 7 | 6011 | PRR 8206 |
| 8 | 6012 | PRR 8207 |
| 9 | 6014 | PRR 8208 |
| 10 | 6015 | PRR 8209 |
| 11 | 6016 | PRR 8210 |
| 12 | 6017 | PRR 8211 |
| 13 | 6021 | PRR 8212 |
| 13 Total Units | | |